

STATE OF COLORADO FISCAL RULES

CHAPTER 2: DISBURSEMENT

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Rule 2-1

PROPRIETY OF EXPENDITURES

AUTHORITY:

24-30-202 (2) and (5)(a), C.R.S.

RULE:

All expenditures by state agencies and institutions of higher education shall meet the following standards of propriety:

- .01 Are for official state business purposes only.
- .02 Are reasonable and necessary under the circumstances.

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Rule 2-2

COMMITMENT VOUCHERS

AUTHORITY:

24-30-202 (1) and (3), C.R.S. (State Controller Authority)

DEFINITIONS:

Commitment Voucher - A purchase order, a state contract, an approved travel authorization, an advice of employment, or any other document appropriate to the transaction prescribed by the State Controller, which provides support that an obligation of the state is being charged to the appropriate account and purchasing requirements have been satisfied. Commitment vouchers also include by way of illustration: grant contracts, license agreements, parking license agreements, and any other contract involving the payment of state funds.

Vendor Agreement - A form provided by a vendor containing contractual terms and conditions relating to the goods and/or services to be provided.

Encumbrance - An amount reserved on the state financial system or an approved state agency or institution of higher education accounting system to meet a formal obligation of the state, which should precede the recording of the expenditure and the actual disbursement of funds.

RULE:

No disbursement of funds shall be made by any state agency or institution of higher education unless it is supported by a commitment voucher. The following commitment vouchers are provided for by statute and shall be used as support for the indicated disbursements: A state contract shall be used as defined below. Purchase orders shall be used as defined below. Advices of employment are to be used to pay the salaries of state employees. Travel authorizations and travel expense reports are to be used for any travel, lodging, or meal expenses incurred by state employees while in travel status.

All purchase orders and contracts required to be written in accordance with this Fiscal Rule 2-2 shall be encumbered. Agreements between state agencies and institutions of higher education that are charged to a special line item appropriation dedicated to that commitment need not be encumbered.

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Contracts shall be used as commitment vouchers when purchasing or leasing goods and services as required by fiscal rule 3-1. If a contract is not required, a purchase order shall be used as a commitment voucher to support disbursement of funds for goods or services costing more than \$5,000 except that purchase orders need not be written for the following disbursements:

- ♦ Payroll related disbursements (withholding, authorized benefits, etc.).
- ♦ Disbursements for financial aid or tuition assistance programs.
- ♦ Disbursements for usual water, gas, electric, and customary local and long-distance telephone service including pagers and cell phones.
- ♦ Disbursements for dues, membership fees, subscriptions, and conference registration fees.
- ♦ Disbursements for postal and other delivery charges including messenger fees.
- ♦ Disbursements for routine internal services provided by a state agency or institution of higher education (e.g., printing services and materials ordered from the Division of Central Services, Capitol Complex lease payments, or legal services provided to state agencies and institutions of higher education by the Department of Law.).
- ♦ Disbursements for intra-agency or intra-institution purchases.
- ♦ Payments from a state program to individuals qualified for those program benefits.
- ♦ Payments calculated by a state agency or institution of higher education for obligations to be paid as required by a program within that state agency or institution of higher education. (e.g., formula distributions, other distributions required by regulatory or statutory formulas.)
- ♦ Payments made by a state agency or institution of higher education to reimburse state employees for moving expenses.
- ♦ Disbursements for rental agreements on copiers where the payment is based on cost per copy.
- ♦ Other disbursements as approved in writing by the State Controller.

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A state agency or institution of higher education may establish more restrictive thresholds for requiring purchase orders and contracts if they believe it is in the best interest of the state.

The following commitment vouchers, as are appropriate to the transaction, are authorized by the State Controller and shall be used as support for state agency or institution of higher education obligations that are not required to be supported by a state contract, purchase order, advice of employment, or a travel authorization or expense form: Invoice, billing, receipt, statement, court order or other written authorization for disbursement that describes goods or services being purchased or other reason for the disbursement and the amount to be paid.

Emergencies

For purposes of this rule, an “emergency” is a situation that creates an immediate threat to public health, welfare, or safety, the functioning of state government, or preservation or protection of property. There is insufficient time to obtain a written waiver of the requirements for issuance of a commitment voucher pursuant to this fiscal rule before acquiring required goods or services to respond to the emergency.

In an emergency, the head of an agency or institution, or his/her designee, may acquire goods and services necessary to respond to an emergency without execution of a state contract or purchase order, provided that such emergency procurements shall be made with such competition as is practicable under the circumstances. Disbursement may be made upon receipt of invoices, receipts, or other statements describing goods or services being purchased and the amount to be paid. Commitment vouchers shall be executed as soon as possible to define future performance obligations where required by the fiscal rules. As soon as practicable, and in no event later than the end of the next business day, a written report of the circumstances and the nature and value of the commitments shall be made to the chief financial officer of the agency and institution and to the State Controller.

Vendor Agreements

A vendor agreement shall not be executed in lieu of a purchase order or state contract, where one is required, but may be included as an attachment to the state commitment voucher.

Chief fiscal officers or procurement directors may authorize individuals to execute vendor agreements up to \$5,000, when there is no requirement that a state contract be executed for the purchase of the goods or services and all of the following conditions apply.

- a. All terms and conditions in the vendor agreement have been reviewed by, authorized by, and the agreement signed by the agency’s chief financial officer (or an authorized agency official, purchasing agent or State Controller contract signatory).

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b. All terms and conditions that put the state at risk of paying more than the agreed price for the goods or services have been deleted from the agreement, except that the agreement may specify reasonable cancellation provisions or other commercially reasonable terms defining liquidated damages, rights, or obligations because of breach of the agreement.

c. All terms requiring that the state indemnify or hold harmless the vendor are deleted from the agreement.

d. All terms and conditions in the agreement limiting the liability of the vendor are deleted from the agreement. State agencies and institutions of higher education may agree to commercially reasonable limitation of liability/remedies provisions, or exclusion of consequential damages, so long as in the case of transactions in goods involving tangible risk from the nature of the goods, and in the case of all services, limitations of liabilities or exclusion of consequential damages exclude from their provisions damages and claims arising out of bodily injury (including death) and damage to tangible property.

e. All charges including taxes and incidentals are stated in the agreement.

f. Provisions providing for other than “Colorado” choice of law and venue shall require prior approval by the Attorney General or designated reviewing Assistant or Special Assistant Attorney General.

g. All amendments, changes, and deletions shall be in writing and approved by an authorized state official.

h. The agreement is complete and contains all attachments and schedules, which may be relevant to the agreement.

On-line Vendor Agreements

The same authority that is required for state contracts and other commitment vouchers is required to enter into on-line vendor agreements including software licenses that are subject to these rules. Unless the terms of an on-line vendor agreement are consistent with the requirements of this rule, state agencies and institutions of higher education shall not enter into an on-line vendor agreement, prior to it being reviewed for legal sufficiency by the Attorney General or designated reviewing Assistant or Special Assistant Attorney General. Only the State Controller or delegate shall approve on-line vendor agreements.

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State Purchase Orders

When a purchase order is issued by a state agency or institution of higher education as required by this Rule 2-2, additions or changes to the approved, standard terms of the purchase order (see Appendix A to this chapter) shall be made consistent with the preceding and following rules. Changes to the standard terms of the purchase order may be approved by a procurement officer or delegate in fully delegated agencies or by the State Purchasing Office for partially delegated agencies.

a. No changes to the clauses governing Changes, Vendor Offset, Assignment and Successor, Independent Contractor, or Funds Availability may be made without State Controller approval;

b. No changes to the Indemnification, Choice of Law, and Non-discrimination provisions may be made without legal review and written approval by the Attorney General or designated reviewing Assistant or Special Assistant Attorney General.

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Rule 2-3

RECEIVING REPORTS

AUTHORITY:

24-30-202, C.R.S. (State Controller Authority)

RULE:

Receiving reports, or other sufficient documentation, shall be prepared for all goods and services received, showing actual quantities, any unsatisfactory condition, and compliance with specifications, prior to processing a voucher for payment.

EXCEPTIONS TO RULE:

- .01 A receiving report need not be prepared for personal service expenditures.
- .02 When an adequate system of internal accounting and administrative controls exists to provide sufficient verification that goods or services were received, a state agency or institution of higher education may not require a certified receiving report.

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Rule 2-4

PURCHASE DISCOUNTS

AUTHORITY:

24-30-202, C.R.S. (State Controller Authority)

RULE:

Payments shall be processed in a timely manner and made within the allowable discount period to ensure the state takes advantage of purchase discounts.

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Rule 2-5

INTEREST PAYMENT ON DELINQUENT PAYABLES

AUTHORITY:

24-30-202(24), C.R.S. (State Controller Authority)

DEFINITIONS:

Payable - A payable is a liability incurred by the state. A liability shall arise upon receipt of supplies and services and a correct notice of the amount due. A liability shall not arise if a good faith dispute exists as to the state agency or institution of higher education's obligation to pay all or a portion of the liability.

Delinquent - A payable is delinquent if a disbursement is not made within forty-five days after a liability arises, unless the time of payment has been otherwise provided in the contract or purchase order. A payable being disputed by a vendor or state agency shall become delinquent if a disbursement is not made within forty-five days after resolution of the dispute.

RULE:

State agencies and institutions of higher education shall process invoices and other notices of liability as efficiently as possible in order to ensure payment in accordance with contractual or invoice terms, and in the absence of such terms, as soon as possible, or in accordance with statutory provisions. A delinquent payable shall be assessed interest at 1% per month as required by 24-30-202(24), C.R.S.

All written contracts and purchase orders shall provide for a reasonable time of payment considering the nature of the goods or services provided and review and approval required for payment. If no time for payment has been provided for in writing, interest on the unpaid balance shall be calculated beginning with the forty-sixth day after the liability for such payment arises under this Fiscal Rule. Interest shall be assessed at 1% per month or as stated in the contract or purchase order and, if higher, approved by the agency controller.

Payment of the interest liability incurred under this fiscal rule shall be processed on a separate voucher. The voucher shall be supported by a written claim, prepared by the state agency or institution of higher education or the vendor, referencing the delinquent payment, the number of days of interest to be paid, and the applicable interest rate. Such claims may be modified by the state agency or institution of higher education to adjust payments to include such items as additional interest due for time required to process interest payments.

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Rule 2-6

INTERAGENCY PURCHASES AND PAYMENTS

AUTHORITY:

24-30-202, C.R.S. (State Controller Authority)

RULE:

A state agency or institution of higher education shall make payment for purchases of goods and services from another state agency or institution of higher education within 30 days after receipt of a valid invoice. Where possible or practical payments shall be made by an interagency document in lieu of a state warrant.

Disputes Arising from Interagency Purchases

If a dispute arises as a result of an interagency purchase, the following steps will be used to resolve the dispute:

- .01 The state agency or institution of higher education disputing the charge shall notify the state agency or institution of higher education providing the goods or services and attempt to resolve the dispute. If necessary, the chief executive officer of these agencies involved shall assist in the resolution.
- .02 If the state agencies and/or institutions of higher education involved cannot reach a satisfactory resolution, the state agency or institution of higher education disputing the charge shall, within 30 days of the date of the last meeting held to resolve the dispute, petition the State Controller to resolve the dispute.
- .03 If the State Controller is petitioned to resolve the dispute, the decision of the State Controller will be rendered within a reasonable time and be final and binding on all parties concerned.

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Rule 2-7

OFFICIAL FUNCTIONS AND TRAINING FUNCTIONS

AUTHORITY:

24-30-202, C.R.S. (State Controller Authority)

DEFINITIONS:

Official Function - A meeting, conference, meal, or other function that is hosted by the chief executive officer, or representative, of a state agency or institution of higher education, attended by guests and/or state employees, and held for official state business purposes.

Training Function - A meeting, conference, or other function which is hosted by a state agency or institution of higher education, attended by customers of the state and/or state employees, and held to enhance staff knowledge or to educate customers of the state or state employees, that are affected by the state agency or institution of higher education's operations or regulations. Training functions should have a written agenda, study materials, and be led by an identified presenter.

RULE:

Official functions and training functions shall be held to achieve program objectives and shall be limited to reasonable and actual costs. The attendance of state employees at official functions shall be kept to a minimum and shall include only those individuals directly related to the purpose of the function. Expenditures shall be kept to a minimum as they have the potential of being perceived to be for personal benefit and an abuse of public funds. Expenditures incurred for official functions shall be approved by the chief executive officer or by a representative of the state agency or institution of higher education that has been delegated authority by the chief executive officer.

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Rule 2-8

MISCELLANEOUS COMPENSATION AND OTHER BENEFITS (PERQUISITES)

AUTHORITY:

24-2-103, C.R.S. (Compensation for State Employees)
24-30-202 (22), C.R.S. (State Controller Authority)

DEFINITIONS:

Benefits - Any pecuniary or material advantage provided by the state to a state employee other than salary, leave, incentives, awards, retirement benefits, insurance benefits, and travel and non-travel related reimbursements. Incentive awards, salary increases, fringe benefits established pursuant to CRS 24-50-104(8) and (9) are not considered benefits under this Fiscal Rule.

Economic Rent Study - A study conducted by a state agency or institution of higher education to determine the rent to be charged for a state-owned house or dwelling. The purpose of the study is to determine the rental rate the house or dwelling would command if available on the open market.

Limitations Placed on Employees - Limitations placed on a state employee as a condition of employment may include that the employee is required to live in the state facility, that the employee is required to be available twenty-four hours a day to perform the assigned duties, or that the employee is required to live in close proximity to the state facility in order to provide protection or discourage trespassers from entering the property.

Location of Work Place - The location of the work place assigned may vary from a metropolitan area where housing is readily available to a remote area that is difficult to reach and has no housing other than state furnished housing available.

RULE:

An employee of the state shall not receive any type of benefit by virtue of their position unless such benefit is provided by state statutes or state fiscal rule. An employee shall not have the authority to grant any perquisites, nor shall any employee receive any perquisite except as provided by state statute or state fiscal rule. Monetary allowances shall not be given to employees in lieu of benefits, except as provided by statute or approved by the State Controller. Where state statutes provide allowances for maintenance and ordinary expenses incurred in the performance of duty, it is the responsibility of the chief executive officer of the state agency or institution of higher education to establish specific expenses that are covered by the allowance so that the same expenses are not also directly reimbursed.

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Miscellaneous Compensation

.01 Honorariums

State officials and employees may be asked to address an audience for which they receive an honorarium. If such speaking engagements occur outside normal working hours, or their normal work load, or while on annual leave, and there is no cost to the state for travel expenses, the official or employee may retain the honorarium. However, if the engagement occurs during normal working hours, or within their normal workload, as any other duty, the honorarium is to be turned over to the state. Any travel expenses related to the engagement would then be valid expenses for reimbursement by the state.

Other Benefits (Perquisites)

.01 Clean air transit benefit for state employees:

To promote the state's mission of mitigating traffic congestion and creating clean air solutions, and to help equalize benefits for those state employees that do not receive free parking, the executive director of a state department, or the president or chancellor of an institution or campus of an institution of the Department of Higher Education (referred to as a state agency or institution of higher education for this rule) may offer a clean air transit benefit to their employees. If offered by a state agency or institution of higher education, the benefit shall be offered on an equal basis to all permanent full-time employees within the geographic area served by the mass transit provider and also, if deemed appropriate by such state agency or institution of higher education, may be offered on a equal basis to all part-time employees within the same geographic area. Further, where a state agency or institution of higher education has employees in different locations, the benefit shall be offered based upon the applicable price structure of the mass transit provider for each of those specific locations. The clean air transit benefit may be the total cost of using mass transit or a portion of the total cost.

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Prior to offering the benefit, the state agency or institution of higher education shall develop an implementation plan. The plan shall contain the number of employees expected to receive the benefit, the estimated cost, if any, to be paid by the employee, and the estimated fiscal impact on the state agency or institution of higher education. Any contract between the state agency or institution of higher education and the mass transit provider shall be approved by the State Controller.

Each state agency or institution of higher education providing the clean air transit benefit for their employees shall maintain records showing the actual number of employees receiving the benefit, the actual cost, if any, paid by the employee and the cost to the state agency or institution of higher education for providing the benefit.

.02 Events sponsored by state agencies and institutions of higher education:

A reasonable discount may be offered by a state agency or institution of higher education to officials and employees to improve attendance or participation in State sponsored events. Examples included discounts on admission to athletic games and cultural, educational, recreational, or other events.

Such discounts shall generally be offered on a first-come, first-served basis, except that a state agency or institution of higher education may reserve a specified and reasonable number of admissions to particular events to be distributed on a targeted basis for the purpose of public relations or alumni relations, or for the purpose of student or employee recruitment. The chief executive officer of the state agency or institution of higher education or a delegate shall approve in writing all plans for discounted admissions.

.03 Meals

Meals prepared at state dining facilities are primarily for the benefit of the students, patients, or inmates housed at these facilities. However, meals may be provided to state employees working at these facilities and guests visiting these facilities. When a meal is provided to state employees or guests, the amount charged for the meal shall be established to at least recover the full cost of the meal. If an employee is required to eat at a state facility, the amount charged for the meal should be 50% of the full cost of the meal as determined above.

The amount charged for the meals provided shall be approved annually by the chief executive officer of the state agency or institution of higher education. The chief executive officer, or a delegate, may establish separate meal rates for each facility or a single rate for all their facilities. Adequate documentation shall be maintained to substantiate the cost charged for the meals provided.

.04 Instructional courses and job related training

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Job related and career enhancement courses may be provided to state employees at no cost or at a reduced cost as authorized by their state agency or institution of higher education. Written approval shall be obtained by the state employee from the chief executive officer, or a delegate, of the state agency or institution of higher education providing this benefit prior to enrollment. Only courses that will benefit the state and enhance the employee's performance shall be approved.

.05 State owned housing provided to state employees:

A state agency or institution of higher education may provide housing for a state employee where state-owned facilities are available and it is in the best interest of the state. The rent charged shall be based on the economic rent determined by the state agency or institution of higher education and shall take into consideration any limitations placed on the employee as a condition of employment, location of the employee's work place, and other factors deemed appropriate by the state agency or institution of higher education.

An economic rent study shall be conducted prior to the house or dwelling being offered for rent to a state employee. A new economic rent study shall be conducted on or before July 1, every three years thereafter. The rent charged shall be reviewed and if necessary, adjusted on an annual basis. The rent charged for each house or dwelling shall be approved in writing on July 1 of each year by the chief executive officer or a delegate of the state agency or institution of higher education.

State agencies and institutions of higher education shall execute a rental agreement with the state employee and make payroll deductions for the rent. If the rented unit does not have separate utility meters, the state agency or institution of higher education shall also make payroll deductions for the estimated utility costs. The state agency or institution of higher education shall maintain adequate documentation to support the rent and utility costs assessed for each house or dwelling.

.06 Temporary housing provided to visitors and guests:

Where space is available, temporary housing may be provided to visitors and guests by a state agency or institution of higher education with the approval the chief executive officer, or a delegate. The charge for such accommodations shall be set at an amount which will at least recover all direct and indirect costs and be reasonable in comparison to the charge for similar housing, if such housing is available. The state agency or institution of higher education shall maintain adequate documentation to substantiate the cost charged for the housing provided.

.07 Uniforms and maintenance of uniforms:

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Uniforms required to be worn by state employees and the necessary maintenance of these uniforms may be provided to the employee by the state agency or institution of higher education at no charge, or at a reduced charge, or through a uniform allowance.

.08 Bookstore discounts:

Discounts not to exceed 10% of retail price may be authorized by each institution for its faculty members and employees for purchases at its bookstores.

EXCEPTIONS TO RULE:

- .01 The governing boards of institutions of higher education, consistent with policies developed by the Commission on Higher Education and approved by the State Controller, may provide housing or a housing allowance for the chief executive officer of a state college or university as part of his/her employment contract.
- .02 Self-liquidating facilities such as faculty apartments and student housing or trailer houses used as temporary housing at remote work place stations are exempted from this fiscal rule.
- .03 The governing boards of institutions and agencies of the Department of Higher Education, with prior approval by the State Controller and the Governor or delegate, may authorize a voluntary separation incentive plan for its employees who are exempt from the State Personnel System under Article XII, Section 13(2) of the Colorado Constitution and Section 24-50-135, C.R.S. Any such plan shall offer uniform and equitable incentives to all employees similarly situated in defined categories within the institution or agency for which the plan is proposed. All proposed separation incentives in the plan must be justified as reasonable and necessary expenditures

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Rule 2-9

MOVING AND RELOCATION

AUTHORITY:

24-50-134, C.R.S. (Moving and Relocation Expenses)

DEFINITIONS:

Household Effects - Household or personal effects such as furniture, clothing, musical instruments, household appliances, foods, and other items which are usual and necessary for the maintenance of a household.

Installation - Normal hookup of appliances to existing utilities. It does not include adding wiring, plumbing or vents.

APPLICABILITY:

This fiscal rule applies only to employees in the state personnel system.

RULE:

A state agency or institution of higher education shall not reimburse or pay moving expenses for a state employee when the move is made solely for personal reasons. Moving expenses shall be authorized by the chief executive officer, or a delegate, of a state agency or institution of higher education if the move of residence is occasioned by a change in assignment, a promotion, or for another reason related to the employees' duties. This rule does not apply to new hires.

Reimbursement for Moving Expenses and Allowances

.01 Moving of household effects - commercial mover:

State payment shall be allowed for the necessary expenses incurred for the packing, insurance, transportation, and storage in transit not to exceed thirty days, unpacking, and installation at the new location of an employee's household effects.

State payment shall not be made for moving household effects in excess of ten thousand pounds net weight for those with dependents and five thousand pounds net weight for those

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without dependents. Any expenses, including insurance for household effects exceeding the weight limitations shall be borne by the employee being moved. Claims shall be accompanied by at least two competitive bids and state payment shall be made at the rates proposed in the lowest responsible bid. If a move is billed at an hourly rate, the carrier shall weigh the items moved and this weight shall be used to apply the above weight limitations.

.02 Moving mobile homes and house trailers:

State payment shall be allowed for charges by commercial vendors for towing of mobile homes or house trailers containing the household effects of a state employee.

Towing charges may include such additional items as labor and incidental material charges for packing, tie down of household effects, removal and reattachment of skirts, and utility costs for disconnecting and reconnecting from existing utilities. It does not include the costs of concrete pads or additional labor or supplies to add or modify connections for plumbing or electrical service. Claims shall be accompanied by at least two competitive bids and state payments shall be made at the rates proposed in the lowest responsible bid.

.03 Employee moves household effects:

A state employee may prefer to move household effects by rental trailer or truck in lieu of using a commercial mover. Two responsible bids shall be required for reimbursement of the rental trailer or truck if the cost exceeds \$1,000.

If the employee chooses to move household effects and requests reimbursement for moving expenses from the state, two responsible bids shall be obtained from a commercial mover, prior to the move. The employee shall be reimbursed one-half of the lowest responsible bid for commercial moving not to exceed \$1,500 and be reimbursed for the rental trailer or truck at the lowest responsible bid if required. This provision may also apply in certain circumstances when the employee's mobile home or house trailer cannot be used to move household effects.

Mileage allowance for one personal automobile shall be authorized and reimbursed at the statutory rate.

An employee shall receive the per diem allowance up to a maximum of thirty days for necessary expenses incurred while locating permanent residence at the new location. The employee may exclude interruptions caused by sick leave, vacation, other authorized leave of absence, or ordered travel. Reimbursement shall not exceed the travel rates authorized by the fiscal rules.

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Per diem shall consist of lodging, meals, and other miscellaneous allowances as provided in these fiscal rules.

Any employee required to take another position within the state system and relocate due to the layoff process shall be allowed to claim reimbursement for moving expenses. Costs of the move shall be paid by the state agency or institution of higher education laying off the employee.

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Rule 2-10

PROCUREMENT CARD

RULE:

All state agencies and institutions of higher education eligible for the State of Colorado procurement card program should enter into an agreement with the State Procurement Card Program to participate. State agencies and institutions of higher education may not enroll in other credit or debit card program agreements for purchases covered by the procurement card program.

Procurement cards may be used to pay for services as well as goods. It is the responsibility of the controller at each state agency or institution of higher education using procurement cards for transactions that are 1099 reportable to have in place a methodology to identify this information.

If authorized by the controller of the state agency or institution of higher education, procurement cards may be used to pay invoices in excess of \$5,000. Use of the procurement card is not a substitute for a commitment voucher or encumbrance as required by Fiscal Rule 2-2.

Use of the procurement card does not eliminate the need for a preaudit, which should be completed when the disbursement is made to the bank or when distributions are made; whichever occurs first. The dispute mechanism should be used when charges from the bank are challenged. Each agency is responsible to have adequate internal controls for procurement card use and payment. In addition, the agency or institution of higher education is responsible for reconciling the disbursements made to the bank with the total of validated individual charges for the state agency or institution of higher education.

All incidents of suspected fraud and abuse of procurement cards should be reported in writing to the State Controller. This report should include results of any investigation or follow-up including corrective measures implemented to prevent or reduce the likelihood of future occurrences must be reported in writing to the State Controller in a timely manner. Any misuse of the procurement card must also be reported. Misuse is the improper or incorrect use of a state procurement card as determined by agency procurement program or other guidelines and state fiscal rules. Misuse may be either intentional or inadvertent and may not result in the cardholder receiving any pecuniary benefit. Misuse that is recurring or significant or in excess of \$500 should be reported.

Open charge accounts

State agencies or institutions of higher education participating in the procurement card program shall use the state procurement card for purchases at local vendors in lieu of open or other charge accounts. The state agency or institution of higher education's procurement card administrator and the controller or chief fiscal officer must approve exceptions to this requirement in advance. Open accounts should be close as soon as procurement cards are available to state agency or institution of higher education personnel.